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THEME:

Exploiting Gift Tax as an Appendage to the Traditional Tax Revenues

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In this issue

QUOTES………………

“If you want to know what a man's like, take a good look at how he treats his inferiors, not his equals.”
— J.K. Rowling, Harry Potter and the Goblet of Fire

“Live as if you were to die tomorrow. Learn as if you were to live forever.”
— Mahatma Gandhi

“To be yourself in a world that is constantly trying to make you something else is the greatest accomplishment.”
— Ralph Waldo Emerson

“Insanity is doing the same thing, over and over again, but expecting different results.”
— Narcotics Anonymous

EDITORIAL

Ghana has always depended largely on donor support (such as grants, aids) and, to a lesser extent, public debt in financing its developmental programmes. However, after the end of the world economic crisis in 2008 development partners have attempted to cut their spending on aid and donations to less developed countries. The resultant decline has caused great palpitation among those economies dependant on this assistance. Consequently, there has been a vociferous call for prudent means of addressing this financial development. Improving and consolidating taxation and tax structures within Ghana is what immediately comes to mind. As gift tax has rarely received much attention in Ghana despite its existence in the tax status books, the writer therefore acknowledges and argues the case for a shift to unexploited gift taxation as a critical appendage to traditional tax revenues (such as custom duties, VAT and income taxes) in the light of the relative decline in donor support for development projects since the end of 2008.

In the next article the writer talks about the recent developments in the Ghanaian payment systems. Payment system as a financial market infrastructure plays an important role in the efficient functioning of market economies. It provides means by which individuals; businesses and government make and receive payments, thereby facilitating economic activity and enhancing the overall growth of the economy. The writer mentions that payment system plays a critical role in effective implementation of monetary policy by providing the channel for policy transmission through reduction in money in circulation. Other areas the article talks about are the roles telecommunication companies are playing in the payment system and various innovations in the payment system as a result of improved technology.

In the other article on mandatory audit rotation, the writer is at a lost whether mandatory rotation is achieving its desired results. Whilst some regulatory bodies in other countries are encouraging it, others are pulling out from it. Business leaders and regulators at IFAC's recent roundtables suggested that getting regulation right is not just about the answer, but it is all about starting with the right question. Being clear from the outset on what the regulation is trying to achieve is essential, and will demand their own focus to find the approach most likely to yield the desired result.

Corporate failures and scandals often have deep relational roots. So too does success, because the essence of any business is to invite people into relationship as investors, customers, employees or suppliers and to make such relationships more valuable. The writer identifies that most organizations do not pay much attention to the sort of relationships they are developing with the stakeholders until there is a failure. Indeed the reviews into almost any corporate failure show that weaknesses in relationships between the company and its stakeholders are readily identified.

Effective Public Financial Management (PFM) goes hand in hand with a strong system of accountability. The writer stresses that effective PFM needs to be underpinned by increasingly specialized financial knowledge. If taxpayers' money is to be spent efficiently, politicians, ministers, and officials across public administration need to share a common language for PFM. This must include an understanding of the cause and effect relationships between policy decisions, costs, and the build-up of future liabilities.

These and many more have been published in this edition. Your comments on this edition are welcome. You can also submit an article for publication in our subsequent editions
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Ofori Frimpong Henneh
For the Editor

IFAC NEWS

1.1 IFAC Elects Rachel Grimes of Australia as President

The International Federation of Accountants (IFAC), the global organisation for the accountancy profession, has announced the election of Ms. Rachel Grimes from Australia as its President, for a two-year term, ending in November 2018. Ms. Grimes is IFAC's second female President. Also, the global accountancy body has announced the election of Professor In-Ki Joo from South Korea as Deputy President. In her acceptance speech, Ms Grimes said, "I am honoured to serve as IFAC's President at a time of great global challenges. There are also remarkable opportunities to strengthen the accountancy profession and further the adoption of global standards in the public interest." She continued: "As President, I look forward to working with our member organisations and other stakeholders as we continue to put trust at the heart of all we do and at the heart of the global economy."

Ms. Grimes is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of CPA Australia. She is Chief Finance Officer of Technology at Westpac, a multinational financial services firm, and has previously served as Director of Mergers and Acquisitions. She brings more than 25 years of experience across the financial services sector, at Westpac/BT Financial Group as well as at PwC. She has served the Australian accounting profession for over a decade, having been elected in 2011 as President of Chartered Accountants Australia & New Zealand (formerly the Institute of Chartered Accountants in Australia) after serving on its Board since 2006. An IFAC Board member since 2011, Ms. Grimes was elected Deputy President in 2014 and previously chaired IFAC's Planning and Finance Committee.

In-Ki Joo is Professor Emeritus of Accounting at the Yonsei University School of Business, after serving as Dean of various departments. He has served as President of a number of professional institutions in Asia, notably the Confederation of Asian and Pacific Accountants, the Korean Accounting Association, and the Korean Academic Society of Business Administration. He was a member of the Advisory Committee to the Republic of Korea General Audit Bureau and the Vice President, International Affairs, at the Korean Institute of Certified Public Accountants (KICPA). A member of both the American Institute of CPAs and KICPA, he received the Decoration of Excellent Achievement from the President of Korea in 2004 and Honour from the Deputy Prime Minister and the Ministry of Finance and Economy in 2001. As an IFAC Board member since 2012, he has chaired the Governance Committee and served on the Nominating Committee. As Deputy President, he will chair the Planning and Finance Committee.

Source: www.ifac.org/gateway

1.2 IPSASB Issues Impairment of Revalued Assets

The International Public Sector Accounting Standards Board (IPSASB) has published Impairment of Revalued Assets (Amendments to IPSAS 21, Impairment of Non-Cash-Generating Assets, and IPSAS 26, Impairment of Cash-Generating Assets), which brings property, plant, and equipment and intangible assets on the revaluation model within the scope of IPSASB's two standards on impairment, IPSAS 21 and IPSAS 26. These amendments provide users with relevant information on impairment losses to property, plant, and equipment and intangible assets on the revaluation model. They also clarify that impairments to individual assets, or a group of assets within a class of property, plant, and equipment, in IPSAS 17, Property, Plant, and Equipment, do not necessitate a revaluation of the entire class to which that impaired asset or group of assets belongs.

Source: www.ifac.org/gateway

1.3 IAASB Amends Standards to Enhance Auditor Focus on Non-Compliance with Laws and Regulations

The International Auditing and Assurance Standards Board (IAASB) has released International Standard on Auditing (ISA) 250 (Revised), Consideration of Laws and Regulations in an Audit of Financial Statements, and conforming amendments to other International Standards, which respond to new requirements in the International Ethics Standards Board for Accountants (IESBA)'s Code of Ethics for Professional Accountants addressing non-compliance with laws and regulations. The revisions enable the IAASB's International Standards to continue to be applied effectively alongside the IESBA Code, and clarify and emphasise key aspects of the IESBA Code in the IAASB's Standards. "The IESBA has established clear expectations for professional accountants in responding to non-compliance with laws and regulations, representing an important contribution to the public interest," said IAASB Chairman Prof. Arnold Schilder. "It is only fitting that the IAASB's International Standards acknowledge and reflect these important changes, and, thereby, reinforce the public interest role played by auditors and professional accountants who provide services covered by our Standards."

ISA 250 (Revised) will be effective for audits of financial statements for periods beginning on or after December 15, 2017. Amendments to the IAASB's International Standards for other services have a similar effective date. "Among other enhancements, the changes to ISA 250 prompt the auditor to think about whether to report identified or suspected NOCLAR to an appropriate authority outside the entity, taking into consideration the provisions of laws, regulations, or relevant ethical requirements in their jurisdiction, and to consider the impact of NOCLAR on the audit," explained James Gunn, Managing Director, Professional Standards. "It is important the IAASB and IESBA have acted contemporaneously on such an important public interest matter".

Source: www.ifac.org/gateway

1.4 International Federation of Accountants endorse Integrated Reporting

The International Federation of Accountants (IFAC) has released a paper stating that "Integrated Reporting is the way to achieve a more coherent corporate reporting system, fulfilling the need for a single report that provides a fuller picture of an organization's ability to create value over time."

The paper sets out IFAC's strong support for the IIRC and the implementation of the <IR> Framework. It states that IFAC "believes that the integrated report can be used as an 'umbrella' report for an organization's broad suit of reports and communications, enabling greater interconnectedness between different reports."

Commenting on this announcement Richard Howitt, CEO, IIRC said: "This new position paper from the International Federation of Accountants is a very significant endorsement of Integrated Reporting. IFAC recognizes the fragmentation that arises from different reporting by companies of different capitals. It rightly sees Integrated Reporting as the 'umbrella' for other types of reporting, in precisely the same way in which companies and investors in the IIRC coalition do themselves. IFAC is a model, forward thinking global organization – championing a clear direction for corporate reporting and other innovations. We are delighted that IFAC has both adopted this new position and recognized the leadership role professional accountants can play in advancing it. We look forward to continuing to work closely with IFAC and the accountancy profession worldwide to ensure Integrated Reporting becomes the global norm for business."

Source: www.iirc.org

1.5 IAASB Explores Growing Use of Data Analytics in the Audit

by Bradley Williams, Principal, International Auditing and Assurance Standards Board

The International Auditing and Assurance Standards Board (IAASB)'s Data Analytics Working Group is furthering its work to understand how the use of technology, and more specifically data analytics, is able to enhance audit quality. The IAASB has released a Request for Input, *Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics*. Supplementing this publication is a call for nominations for a newly formed Project Advisory Panel to further advise the IAASB and the Data Analytics Working Group on developments relevant to standard setting.

Technological change is occurring at a rapid pace, ushering in the capability to capture and communicate data digitally, on an unprecedented scale and almost instantaneously. With this change comes increased stakeholder expectations about how technology can be used to enhance the effectiveness and efficiency of financial statement audits. With this publication, the IAASB hopes to bring together relevant stakeholders to meet these expectations, which starts by fostering a dialogue about how innovative techniques can be used.

The Request for Input provides insights into the opportunities and challenges arising from the use of data analytics in financial statement audits and outlines the insights gained from the Working Group's activities to date. The purpose of the Request for Input is to:

- Inform stakeholders about the IAASB's ongoing work to explore the effective and appropriate use of technology, with a focus on data analytics, in financial statement audits; and
- Obtain stakeholder input and perspectives on whether all of the considerations relevant to the use of data analytics in a financial statement audit have been identified.

The work accounting firms, national standard setters, and others are doing to explore how data analytics can be used in the audit is encouraging. There is a risk associated with the use of new and innovative techniques for which there is not a strong framework within the International Standards on Auditing. Challenges result for audit oversight authorities when performing audit inspections and auditors are faced with the increased risk of getting second guess on inspection and not having a clear basis in the auditing standards to substantiate the judgments made and procedures performed. While the International Standards on Auditing do not prohibit the use of data analytics, they need to better address increasing complexities, taking into account the rapidly changing technological developments in both the business and audit environment. The Request for Input highlights that timely feedback about innovations in this area, including views about the potential implications to the audit of today, will be of use in a number of the IAASB's current projects.

The IAASB's work in this area is not done, and the IAASB has an open mind as to the way forward. The Working Group is seeking input from investors, preparers, those in governance roles, standard setters, practitioners, internal auditors, regulators, academics, and other stakeholders in the external reporting supply chain to collaborate with and support the IAASB's efforts to be innovative with the use of developments in technology to enhance audit quality in the public interest. The input will assist the IAASB in effectively responding to these developments in the public interest, including determining whether new or revised international standards or guidance may be necessary.

More information and project updates are available on the IAASB's projects page.

Submit a Comment to the IAASB, or log in to the IAASB' website to share your views.

2. ICAG NEWS TIT BITS

2.1 First 2017 Induction Programme

The first 2017 induction programme of the institute was held at the La Palm Royal Beach Hotel, Accra on the 9th – 10th March, 2017. The induction programme was instituted by ICAG to formally introduce the institute and the practice of accountancy in Ghana to newly qualified accountants who are being considered for admission into membership of the institute.

The President of the ICAG, Mr. Christian Tetteh Sottie who chaired the programme said accountants must be gatekeepers of the finances of their organisations and asked the newly qualified to be crusaders against corruption. He stressed that accountants must embrace integrity and honesty in order to fight the canker and eradicate it from the society. He entreated the inductees to bring to bear the knowledge they had acquired on their job to help improve the society. Mr. Sottie stressed that success in the current times was not judged by one's skills or impact on society, but rather the number of cars someone has or the number of foreign travels the person has embarked on.

He cautioned the participants of the induction programme not to be influenced by worldly properties, to engage in corrupt practices to amass wealth, but to live by the motto of the Institute which is *"Integrity"*. "We must live our motto of integrity. We must not be biased and be factual. It will not be easy because society is corrupt and it is going in one direction, and we must go against the tide" he said. He said as a result of corruption, society is not growing as it should, thereby leading to the high unemployment rate. He ended by saying that, "But when we do the right things financially and economically, society can grow and absorb the unemployed youth".

Delivering the keynote address at the induction programme, the CEO of Dalex Finance, Mr. Kenneth Kwamina Thompson blamed accountants for the growing corruption in the country. He indicated that the numerous corruption cases which have been recorded in the country could not have happened without the collusion and connivance of accountants, but most often it was politicians who have to be blamed for the canker. He therefore urged the accountants to lead the crusade against corruption because they are at the center of it. He stressed that chartered accountants played an essential role in both the public and the private sectors and must therefore not indulge in corrupt practices.

Mr. Thompson, who is also a Chartered Accountant, expressed his worry and lamented about the increasing incidence of corruption and without providing any shred of evidence, said "accountants are at the heart of corruption" in the country.

[FIX PICTURES]

Mr. Kenneth Thompson who basically defined corruption as the misuse of one's position for personal gain, said accountants had let the country down because "corruption cannot take place without accountants playing a role". He further stated that some accountants had "broken the link between endeavor and reward." Mr. Thompson said the future of the country was bleak because of the growing unemployment, arguing that government could not create the necessary employment due to corruption. The Dalex Finance CEO charged the newly qualified accountants to join the fight against corruption and advised them to be professionals of integrity and be objective in all their endeavors. He stressed that a professional accountant should be honest and straight forward in all his/her business relationships. A professional accountant should not allow bias, conflict of interest, or undue influence of others to override his/her professional practice.

The Acting CEO of ICAG, Mr. Augustine Addo, in his remarks reminded the inductees on the purpose for instituting the induction programme. He said the newly qualified accountants in the next two days would be taken through various topics, the ethics of the accountancy profession, and laws covering the accountancy profession. He advised them to be of good behavior and desist from acts that would drag the name of the Institute through the mud.

In all, a total of 220 newly qualified accountants went through the two-day induction programme.

2.2 ICAG Inducts 248 Accountants into Membership

The Institute of Chartered Accountants (Ghana) has inducted 248 newly qualified accountants into membership at a ceremony which took place at the Accra International Conference Centre in Accra on the 25th March, 2017. An additional 221 affiliates were also admitted to the Institute. The guest of honour for the occasion was the Hon. Minister of Education, Dr. Matthew Opoku Prempeh.

[FIX PICTURES]

In a speech read on his behalf by Dr. Emmanuel Newman (Director, Research, Policy Planning & Development, NCTE), the Minister for Education congratulated the accountants on the important role they play in the development of the country. He said the functions of accountants had been significant in national economic development, especially in the areas of planning and budgeting, tax policy formulation, revenue mobilization, as well as expenditure monitoring and project evaluation. The Minister said, the role of ICAG in the country's development had become important because of the need to train accountants with integrity and moral uprightness. He called for the strengthening of the ICAG's role as a sole regulator of accountancy profession, to ensure good financial reporting procedures in the business environment of the country in order to attract investor confidence.

The Minister further challenged accountants to have a wider perspective of issues as the world moved towards a global market economy. He admonished professional accountants to have a broad global outlook of issues to understand the context in which businesses and other organizations operate.

The President of ICAG, Mr. Christian Sottie, who doubled as chairman for the occasion gave the historical overview of the accountancy profession in the country, and mentioned that the effort to establish a local accountancy regulator in the country resulted in the promulgation of the Chartered Accountants Act, 1963 Act 170. He said ICAG, in addition to giving local qualifications also gives membership to affiliates of foreign accountancy bodies. He charged the newly qualified accountants to eschew corrupt practices and dared them to be different.

2.4 ICAG Public Lecture

The Institute of Chartered Accountants (Ghana), as part of its public education programme has organized a public lecture for its members and the general public on the topic “Ghana’s Public Debt: Investment or Consumption?” The main speaker for the programme was Mr. Joseph Winful, a former Managing Partner of KPMG, and now the Chairman for the Public Interest and Accountability Committee (PIAC). Other speakers were Hon. Dr. James Klutse Avedzi, a Member of Parliament and the Chairman of the Public Accounts Committee of the Parliament, and Dr. Eric Oduro Osae, the Dean of the Graduate Studies, Institute of Local Government Studies.

[FIX PICTURES]

In his presentation, Mr. Joe Winful asserted that debt is not always bad, only if the loan was invested in economic assets which would generate future cash flows to repay the debt together with the interests associated with it. However, if the debt is spent on consumption, servicing of another debt or social services which do not generate revenues, it becomes a problem if the time of repayment of the loan is due. In his view, it appears that Ghana’s debt is not spent on investments as there are not enough visible investment projects to commensurate the levels of debts of the country. Ghana’s public debt as of March 2017 stood at some GHS 120 billion. The level of economic assets which can generate cash flows to repay the debt is not there as most often the country has to borrow more to offset or repay the matured ones, thereby compounding the debt burden.

He advised that the country has to be cautious in its borrowing, and invest the borrowed funds mainly in economic assets that could generate cash flows to service the loans and the associated interests. He identified corruption, waste and over-pricing of projects as areas the country has to take a look at to reduce its expenditure and get value for money form the projects funded by loans.

The other speakers touched on the need to invest prudently in order not to overburden the country with debts. More especially economic efficiency must override political expediency in all government spending and decision making. On social investments, such as roads, schools, hospital, etc., the issues were not clear whether they are consumption or investment, as they do not directly generate their own revenues but are essential for economic activities to go on smoothly. In all these cases government was urged to be prudent in its spending, and ensure that there is value for money and efficient use of resources including loans contracted.

2.5 AWAG Elects New Executives

The Association of Women Accountants, Ghana (AWAG) has held its annual general meeting, and elected new executives to steer the affairs of the association. The newly elected AWAG Executives were inducted into office on 23rd January, 2017. They include:

Mrs. Belinda Dede Tandoh - President
Mrs. Agnes Otoo-Yeboah- Immediate Past President
ACP (Mrs.) Maame Yaa Tiwaa Addo-Danquah - Vice President
Mrs. Winifred Adu-Brobey - Treasurer
Mrs. Elsie Bunyan - Organising Secretary

The Executives have embarked on a number of visitations to introduce themselves to various organisations and at the same time create awareness for the association and its activities. Their visits took them to the following places:

1. **ICAG Secretariat**

AWAG Executives paid a courtesy visit to the Secretariat of the Institute on 15th February, 2017. The purpose of the visit, among others, was to strengthen the long-existing relations between AWAG and its mother institute. The President expressed the Association’s appreciation to the management of ICAG for their support over the years. She added that they would support the Institute’s efforts to nurture more women to join the accountancy fraternity. Mrs. Tandoh also informed the team about the establishment of the Students’ Chapter.

Mr. Patrick Mensah, Director of Students Services, who received the delegation on behalf of the Ag. CEO, was appreciative of the

AWAG Executives' gesture and pledged the Secretariat's support in all their endeavours.

Cross-section of Secretariat Management meeting with AWAG Executives

Mrs. Charlotte Forson and Mrs. Abena Biney, receiving AWAG Executives

Female staff of Deloitte contributing towards the discussions

Mr. Daniel Owusu, Partner, Audit & Assurance at Deloitte, (middle) expressing his support for AWAG

a. **Chartered Institute of Management Accountants** (CIMA)

Mr. Paul Aninakwah, CIMA Country Director (2nd from right) and some AWAG Executives

b. EY Ghana

Round table meeting with EY Ghana Managing Partner, Mr. Ferdinand Gunn (2nd from left) and Mr. Kwadwo Mpeani-BrantuoPartner (1st from left) and AWAG Executives

c. **ACCA**

AWAG Executives with Mrs. Doris Ahiati (Country Manager, ACCA) (first from right)

2. FEATURE ARTICLES

3.1 EXPANDING THE TAX NET – GHANA REVENUE AUTHORITY'S UNAVOIDABLE ROLE

By: M. H. Danso-Ntiamoah (Agona Swedru)

Not too long ago, Ghana's status as purely Developing Country changed to a Lower Middle Income Country. Yes, that was good news which came with huge responsibility, among which was the need to look within the more, for internally-generated revenue for our development. The reason - simply that Ghana was to be weaned off donor inflows in the form of aids which hitherto hit our treasury, may be so often. Even though until now, yearly revenue targets for the Ghana Revenue Authority (GRA) saw appreciable increases, the new status rather warranted more realistic increases. No wonder that from an actual revenue collection by the GRA of GHC 27,688.47 Million for year 2016, the target for year 2017 is a challenging GHC 34,792.26 Million. Yes, the trend must continue as by standards, tax revenue grows and that is enough a clarion call on all GRA to sit up, and to ensure that every pesewa that should be collected is indeed gathered for the state coffers.

In the bid of the GRA in achieving the 2017 revenue target, and even subsequent ones, a review of the taxation of the business incomes of religious Institutions and exploits into entirely new 'terrains' are a must.

RELIGIOUS INSTITUTIONS/BODIES

The strength of the GRA is deeply rooted in Section 97 (1), (2), (4) and (5) of the Income Tax Act, 2015 (Act 896).

To start with, it baffles minds as to why the GRA has not achieved much to date as far as taxation of the business incomes of Religious Institution/Bodies are concerned, even though the earlier Tax Act, Internal Revenue Act 2000, (Act 592) and its related amendments empowered her enough. Certainly, it could never be the case that all manner of incomes of Religious bodies were 'tax-sacrosanct' or that staff of the GRA who enforced the law were uncomfortable being tagged evil people who were perhaps waging war on the 'economy' of God! If the latter reason were anything to go by, how come some religious leaders have, by their conduct, taken undue advantage of the same ' economy' of God by enriching themselves, yet, they are not similarly guilty of waging war on the same 'economy' of God. Interesting!

What does the Income Tax Act 2015 (Act 896) say about incomes of Religious Institution/bodies?

Section 97 (4) – the income accruing to or derived by a charitable organization is exempt from tax.

Section 97 (5) – subsection (4) does not apply to the business income of the charitable organization.

Section 97 (1) – The Commissioner –General may approve an entity as a charitable organization for the purpose of this Act.

Section 97 (2) – The Commissioner-General shall, before approving an entity under subsection (1) ensure that:

(a) The entity is established to operate as
- (i) Charitable institution which is of a public nature
- (ii) A religious institution which is of a public nature……………. And the list goes on.

To the extent that the Commissioner-General can revoke the approval granted under section 97 (1), the GRA has the full backing of the law and therefore must seriously be seen to be at work to rake in more revenue for the state kitty.

Business Incomes of Religious Institutions/Bodies

Common traditional sources of incomes of religious Institutions /Bodies as listed by a former Tax Administrator, Mr. E. Nmai Dzani, in his Lecture titled "Rights and obligations under the Income Tax Decree and Gift Tax Decree" on 18th May, 2000, which by law are tax-exempt even today, include offerings/collections/giving, donations, tithes, harvest proceeds, pledges, levies, dues and thanks-offering etc.

However, beyond these, if religious bodies should engage in other activities, among the reasons of which profit can be firmly established, then such activities can appropriately be tagged businesses, and in that case, their incomes are subject to tax. Instances here can be cited of running of schools, bookshops, transport, hostels, recreation centres, sale of books, video and audio materials and income from properties.

Emerging business activities of late that are gaining prominence and should not escape the tax net are paid consultations and counseling sessions as well as the sale of ‘miracle’ or ‘anointed’ oils and water. The oils and water are believed by some to help reshape destiny by repelling evil forces who block their smooth path to progress and prosperity or even will want to harm them in one way or the other. All these, if closely monitored will surely rake in substantial tax revenue.

Aside the above, enforcing the laws on submission of tax returns, both monthly and annual, by these Religious Institutions/Bodies is a sure way of increasing tax revenue. Once the returns are filed, audits can be initiated to find out whether employee taxes are rightly being paid as well as where taxable amounts moved to. All these, GRA cannot avoid, if the tax net is to be expanded.

PRIVATE VEHICLE STICKER SYSTEM

An initiative to ensure that private vehicles are also covered under Vehicle Income Tax Sticker System should be put under close consideration. This will expect Private Vehicle owners to use stickers, modelled along the current Vehicle Income Tax Sticker System, under which Commercial Vehicle owners pay tax on quarterly basis. Much success has been achieved as the Police are mandated to enforce it.

Mindful of the number of private vehicles in the country, the Sticker System for private vehicles is indeed needed now and all people who operate, whether in the underground economy or wherever and do not pay taxes will surely be covered. Under this new regime, a recommended legislation should require private vehicle owners to show sources of funding of their vehicles, especially new ones. Once the owner shows convincing proof that any connected tax has indeed been paid, the sticker can be freely issued, maybe on annual basis till the vehicle changes hands or is out of the system.

MARRIAGE REGISTRATION / CERTIFICATION

In the GRA’s efforts to increase tax revenue, new areas of coverage may include candidates who apply for marriage registration/certification. As a requirement for the granting of a marriage registration/certification, tax clearance certificates should be provided by the applicants and all those who do not pay taxes will surely be compelled to contribute their quota to revenue. Let us not lose sight of the fact that love is at stake here and fulfilment of a tax obligation by such serious applicants to show they have respect for the institution of marriage and the tax laws of the country, should never be a challenge at all!

BUILDING PERMITS

Visible signs of economic growth of Ghana over the years can be understood from the increasing number of buildings across its length and breadth. All these required permits issued by the Metropolitan, Municipal, and District Assemblies (MMDAs). A legislation to require all prospective developers to produce a tax clearance certificates as part of the requirements for the issuance of permits will surely bring in increased tax revenue. This is because proof of tax payment by such developers will have to be established.

CONCLUSION

In my personal view, the above merit serious consideration by the GRA, in its search for other ways of widening the tax net in the bid to deepen revenue-gathering for national development. That is a necessary requirement, among others, to hasten the lifting of Ghana from its current income categorization by the World Bank, of Lower Middle Income to one of real Middle Income Country. Indeed, it is expected that this article will stimulate discussions which eventually will crystallize into something very beneficial for mother Ghana.

REFERENCES:

1. Mr. E. Nmai Dzani (Former Tax Administrator) - Lecture titled “Rights and obligations under the Income Tax

Decree and Gift Tax Decree" on 18th May, 2000.
2. Dr. Edward Nketiah-Amponsah (Economist and Senior Lecturer, Economics Dept; University of Ghana, Legon) - Ghana's Middle Income Status (The Researcher: The Bi – Annual Newsletter of ISSER, Issue 2015, Vol 3, Period: Jan-Jun 2015)
3. Income Tax Act 2015 (Act 896)

3.2 Measuring Relationships: a route to competitive advantage and reduced risk

Corporate failures and scandals often have deep relational roots. So too does success, for the essence of any business is to invite people into relationship as investors, customers, employees or suppliers and to make such relationships more valuable. Yet, as the authors of The Relational Lens recently published by Cambridge University Press point out, these relationships are too often like dark matter – the fabric of the universe that passes unseen.

As a global leader on corporate governance and reporting I have advocated since 1994 that in its decision making process a board needs to take account of the legitimate and reasonable needs, interests and expectations (NIE's) of its primary stakeholders.

Either management must have an ongoing communication with stakeholders or a Corporate Stakeholder Relationship Officer (CSRO) should do so. The CSRO informs management of the stakeholders' NIE's and does a written report to the board on the quality of the relationships. At every board meeting there should be an agenda item "Stakeholder relationships." This will result in the board having an oversight which is informed in regard to managements' proposals on strategy.

The Salz Review into Barclays, the National Commission on the BP Deepwater Horizon Oil Spill, the Inquiry into the death of Victoria Climbie (a major UK public service failure), or indeed the reviews into almost any corporate failure show that weaknesses in relationships between the company and its stakeholders are readily identified after things have gone wrong. But would Volkswagen or Deutsche Bank have landed in their current situations if their internal and external stakeholder relationships had been better founded and managed? Could the many corporate disasters, of which Enron, Lehmans, Cendant, Worldcom, HealthSouth, Tyco, Qwest Communications, Toshiba, BP and Arthur Andersen are just some of a long litany, have been avoided by a more systematic management of stakeholder relationships?

Restoring confidence in corporate, political and other institutions will require more than clever PR. It requires systematic measurement and reporting on the quality of relationships with all major stakeholders so that companies can take specific steps to address the key issues seriously.

Andy Haldane, Chief Economist at the Bank of England puts it this way in his comments on The Relational Lens: "There is widening acceptance that organizations – large and small, public and private, commercial and charitable – may be failing to meet the needs of their societal stakeholders. This has, in some cases, caused a rupturing of trust, a loss of social licence. This book equips companies with the tools to begin the slow process of rebuilding trust, relationship by relationship."

In corporate reporting on social and relational capital, companies have too often resorted simply to recording their Corporate Social Responsibility (CSR) spend. With integrated thinking and embedding sustainability issues into a company's business strategy CSR has become yesterday's thinking.

The lack of available quantitative measures is perhaps the main reason why the boards of companies, as well as executives and managers, invest so little monetary, temporal and other resources into understanding, managing and measuring relationships with their stakeholders.

A way forward is shown by the new book by John Ashcroft and his colleagues, based on over 20 years of measuring relationships within and between organizations across the public and private sectors, as well as in different parts of the world. They demonstrate persuasively that all relationships operate in 5 domains – communication, time, information, power and purpose. Using these 5 domains will aid the Corporate Social Responsibility Officers (CSRO) in carrying out their mandate.

This approach identifies whether the conditions for effective relationships are being put in place and identifying perceptions gaps around the effectiveness of such measures. Looking at the preconditions for relationships serves as a way to assess a leading indicator of risk, focuses on the relational building blocks of such outcomes as trust, accountability or loyalty, identifies the factors that can be managed and changed, as well as enabling more constructive and effective dialogue about the issues identified.

All these make this book timely, especially for the corporate world. The book provides the framework, the tools and the case studies to enable companies to give stakeholder relationships the kind of detailed and systematic attention which will bring an informed understanding to a board about a company's social capital, and help bridge the divide between financial and social capitals.

Relational Capital – So What?

The idea that there is some hypothetical value in relationships is obvious to most people but it remains a vague idea for many companies and accountants. Relational capital is a significant element of the International <IR> Framework but companies are only just learning to think fluently about it. It functions very differently from the other five capitals so this is not surprising. I believe that organizations that get their minds around relational capital are more able not only to report on all six capitals but also to manage them in an integrated fashion.

You can count the number of relationships with clients, suppliers and employees but is it worth assessing the quality of those relational assets, even if we could? At one level a lot of existing business decisions revolve around assessment of some aspect of relationships: many companies assess customer or employee satisfaction; in most acquisition discussions assessment of "goodwill" is crucial and identification of a poor commercial relationship inside or outside a target can take millions off the acquisition offer.

Yet are many CEOs/CFOs who prefer to stick to simple financial capital models of their business: a business case for investing in a relationship must be justified in terms of financial return on financial investment. Such a demand is a useful challenge. Having HR or PR say we should do something because, "It is the right thing to do," is like a parent saying, "Because I say so." Treating relationship as a capital is appropriate, if investment of other capitals to improve relational capital can be justified using established understandings of return.

In principle, if the idea of relational capital is useful then we will need to be able to assess;

- Current balance: the current state of the relational capital;
- Cost of change: the capital resources required to bring about a change;
- Identifiable Return: the positive impact on various capital resources as a result of a change in the current balance.

It is possible to identify the key components that need to be configured in any relationship. The recent book published by Cambridge University Press ("The Relational Lens" Ashcroft et al) outlines such a framework to help businesses configure any of their relationships. The nature of the contact is one such component: some effective organizational relationships need high quantities of face-to-face time between only a couple of people whereas others may need less face-to-face but more people involved. By assessing the current configuration of the components in a particular relationship, it is possible to know the current balance. The particular framework in The Relational Lens deliberately looks at components that can be changed. So the key issue is explicitly around the So-What: are there tangible outcomes as a result of increasing relational capital? Just because it is possible to systematically assess the configuration of their relationships, doesn't make it the right thing to do. If there is no So-What, then there is no business case to do it.

At the recent launch of The Relational Lens, one of our clients, National Grid Gas Distribution, explained their business case. Their teams are required to maintain the gas pipe network. That means digging up roads and making good afterwards. If the teams do not do it well (on time etc.) then the company gets fined and the local authority gets lots of unhappy road users. In addition, permission to do critical complicated projects can be perpetually delayed until a time when disruption of the traffic is acceptable.

Working with the utility company, Balfour Beatty and the local authority, we were able to assess the configuration of the working relationships, and then reconfigure them. This made it possible for the three teams to work together more efficiently and effectively. One measure of that improvement was that they could clear a backlog of eight complicated critical projects which had been building up for six years. Strong relationships meant that each side could be more confident in the others and collaborate to get it all done. A second measure of improvement was that during that period those projects were done in addition to the usual workload and yet there was a 30% reduction in the fines. Put simply, the effectively configured relationships made some projects possible and made the usual work more efficient.

The specific impact on different capitals will vary according to the context but it is clear that it is possible to assess the current balance, the cost of change and the identifiable return. It is therefore possible to identify a valid business case for assessing and improving business relationships.

Author: Tim Young

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'The Relational Lens: Understanding, Managing and Measuring Stakeholder Relationships' was published by Cambridge University Press in October 2016. A report of the launch can be found at Relational Analytics

Author: Professor Mervyn King SC, Chairman, International Integrated Reporting Council

Source: www.integratedreporting.org

3.3 The importance of Integrated Reporting for internal decision making

While much of the focus on Integrated Reporting has been on the needs of external stakeholders, the needs for better internal decision making can be significantly improved through utilizing the six capitals approach. As an example in 2014 a US industrial service company which serves the steel industry, advised them to incorporate a checklist into their strategic planning process through which the impact of all six capitals was considered especially as it pertained to the risk of investing or not investing financial capital in order to sustain competitive capability and advantage. The approach was simple and assessed several aspects of each capital as high (red), medium (amber) or low risk (green); this simple approach quickly identified that there were several areas where lack of sustainable financial investment had increased the level of risk in several non-financial capitals. The company earnings had been consistently in the upper quartile but the negative impact of focusing on maximizing financial earnings quickly showed up through the depletion and increasing risk of non-financial capital sustainability.

This simple application quickly attracted the interest of the board and provided help to management when presenting their business plan for discussion and approval. This approach demonstrated the importance of ensuring that financial resources needed to be applied to build intangible assets even those that did not appear as increases on the balance sheet and impacted financial earnings in the short term; however failing to make these "non-financial capital" additions would gradually impact the ability to generate earnings and at some point would become critical.

Business leaders are starting to realize that whilst the output of Integrated Reporting may be a report, the real value lies in the process of reporting – in developing a clear understanding of the business model through which some or all of the capitals are utilized. There is a need for internal adoption of the six capitals as a driver for improved decision making around the effective deployment of financial capital through which overall organizational value is created. Without the involvement of management, integrated thinking will probably remain a process of populating a "new scorecard" with metrics that provide greater insight into core aspects of ESG (Environmental, Social and Governance i.e. principally legislated or required by stakeholders and supported by organization's such as SASB) needs rather than creating a new and enhanced understanding of value creation and sustainability. In addition management, who is judged on its effectiveness in areas such as cost containment will see the allocation of resources towards integrated reporting as a "tax on the business" further driving up what may be considered unnecessary overhead. Thus the deployment of resources will be around satisfying the "minimum possible" rather than developing a new understanding of a value creation model.

The International <IR> Framework provides an opportunity for management to "tell a better story" to its shareholders and other external parties who otherwise may continue to rely primarily on its financial performance together with what minimal information they can gain, to understand what is "behind the numbers." For reporting to move beyond a tick box, compliance exercise, and become a real value to the business, management need to really grasp integrated thinking. This is not just about 'doing the right thing', it is about securing the long term sustainability of the business through adopting a new mindset. In many cases I have seen examples of management frustration with board directives and decisions that they believe fail to take into account the levels of necessary investment for sustainability in areas such as human capital. Accounting perpetuates this problem through treating all labor costs as expenses even when they are deployed to create and enhance other capitals such as social and relationship, intellectual and possibly others. As a result such deployments of financial capital result in apparent depletion of earnings and balance sheet equity even though the "invisible" capitals such as human capital are being enhanced and developed. At worst the board may come to realize this too late when financial performance declines due to lost competitive advantage caused by the continual focus on maximizing earnings and financial capital while other capitals are being depleted.

To "win" in the long term both management, the board and investors must embrace the value provided by the International <IR> Framework and the adoption of integrated thinking. While Integrated Reporting will enhance societal understanding of corporate behavior only integrated thinking will offer the long term opportunity for better decision making; this is in the interest of both investors and management.

Author: Nick A. Shepherd

Nick A. Shepherd is owner of Eduvision Inc. and also leads the Integrated Reporting work of the UK based Maturity Institute, a world leader in the understanding of human capital.

3.4 Recent Developments in the Ghanaian Payment Systems

Dr. Settor Amediku, Head Payment Systems Department, Bank of Ghana

Payment system as a financial market infrastructure plays an important role in the efficient functioning of market economies. It provides means by which individuals; businesses and government make and receive payments, thereby facilitating economic activity and enhancing the overall growth of the economy. Payment system also plays a critical role in effective implementation of monetary policy by providing the channel for policy transmission through reduction in money in circulation. With regard to fiscal policy, payment system brings efficiency and security to the collection and disbursement of government revenue as well as reduction in payroll fraud.

The Bank of Ghana is committed to develop the payment system on account of its support to the economy and promotion of financial sector stability. In the past decade the Bank, guided by a ten-year strategy document launched in the year 2000, embarked on payment systems modernization programme. The achievements under the programme included, the real time gross settlement system (RTGS), the cheque codeline clearing with truncation(CCC), the automated clearing house(ACH) for direct debit and credit funds transfers, and the e-zwich smart card payment systems.

In the year 2014, the Bank launched a strategy document aimed at leveraging on the existing infrastructure and deploying new ones to promote the use and acceptance of electronic medium of payments and financial inclusion. The new strategy document is a product of extensive stakeholder consultation and was guided by rapid development in information and communication technology as well as high mobile phone penetration rate in Ghana.

Following the launch of the 2014 strategy document, domestic and international payment service providers have shown keen interest in the country's payment systems streams. We are witnessing strategic alliances between banks, fintechs and mobile money operators in the roll out of innovative payment products unique to the African continent. Notable among the many unique initiatives is an electronic payment product that has made it possible for low income earners to purchase Treasury bills for as low as GH¢1.00 using the mobile phone. The success of this product has attracted international attention; hence the Bank has received a number of requests from other central banks on the continent to come and study the design and its rollout.

Enumerating the achievements of the payment system sector will not be complete without taking account of the mobile money sub-sector. Since the passage of the Guidelines for Electronic Money Issuers in June 2015, the mobile money sub-sector has experienced phenomenal growth compared with that of peer countries. Mobile money float account balances with banks totalled GH¢1.26billion in December 2016 compared with GH¢547.9 million in December 2015; showing an increase of 129.5%.

It is also gratifying to know that international confidence in the payment system has also picked up on account of a robust regulatory environment. Credit cards issued in Ghana which were formerly not accepted for international transactions are now being accepted in Europe and the USA among others. A number of banks are also now issuing international scheme credit cards such as Visa and MasterCard on account of the renewed confidence in the payment systems. Settlement of local Visa and MasterCard transactions are also now taking place in the country.

The Bank in collaboration with the banking industry is migrating all payment cards from magnetic stripe standard to Europay, MasterCard and Visa (EMV) chip and PIN standard this year to enhance security and reduce fraud in the industry.

The Bank is also collaborating with the banking industry to introduce biometric verification of all customers to help reduce identity fraud.

Notwithstanding these laudable achievements, cash still dominates payment transactions and a large number of our people are excluded from the formal financial sector. A lot remains to be done to develop the payment system. It is against this background that stakeholders of the payment system are being brought together under the Payment System Council to guide the orderly development of the payment system. The Payment Systems Council was inaugurated by the Bank on January 10, 2017.

The council will be assisted by working groups which will submit reports on thematic areas to the Council to inform it on issues for effective policy decision making.

3.5 Mandatory Audit Firm Rotation—Are We Going 'Round in Circles?

by Fayez Choudhury, Chief Executive Officer, IFAC

Last week, the South African Independent Regulatory Board for Auditors (IRBA) announced a timeline for new mandatory audit firm rotation requirements—a policy requiring companies to switch auditors periodically. In the same week, the Monetary Authority of Singapore (MAS) announced its intention to discontinue the very same policy. IFAC recently convened roundtables of international business leaders and regulatory agencies on smart regulation, and this contrast is a prime example of two principles the participants urged policymakers and regulators to observe: start with clear objectives, and assemble a clear evidence base.

IRBA has proposed the measures to "strengthen auditor independence and enhance investor protection," also suggesting "we will only see true empowerment when opportunities are provided equally among everyone." MAS found "research studies conducted thus far internationally did not provide conclusive evidence linking mandatory firm rotation with an improvement in audit quality," and "from MAS's observations and feedback received from stakeholders, MAS recognizes that there are also negative consequences associated with frequent rotation of external auditors."

Business leaders and regulators at IFAC's recent roundtables suggested that getting regulation right is not just about the answer, but it is all about starting with the right question. Being clear from the outset on what the regulation is trying to achieve is essential. In the case of mandatory audit firm rotation, is it trying to address audit quality and investor protection? Is it about competition and an effective market for audit services? Or is it about economic empowerment? These are all important priorities, and they all demand their own focus to find the approach most likely to yield the desired result.

Many other countries are at various phases of implementing or discontinuing mandatory audit firm rotation, with similarly diverse objectives. South Korea, Argentina, and Brazil have implemented and discontinued the policy for certain sectors; the EU is now implementing with numerous variations across Member States—some of which, such as Spain and Italy, had previously implemented and discontinued the policy; and the US House of Representatives in 2013 voted 321-62 to prohibit the Public Company Accounting Oversight Board from requiring mandatory audit firm rotation.

The list goes on. In the meantime, for global businesses trying to coordinate their audits worldwide, the complexity, costs, and risks of trying to navigate this patchwork regulatory environment detracts from their focus on obtaining the highest quality audit—possibly even going so far as necessitating multiple auditors in different jurisdictions to meet different rotation requirements.

IFAC roundtable participants in Hong Kong and London also stressed that research and a clear evidence basis are vital to identify solutions most likely to be effective. This is all the more critical in light of the costs of regulation to businesses trying to operate in a global environment, and possible unforeseen consequences. However, all too often, it seems to be the solutions looking for the problems, rather than the other way around.

3.6 Strong PFM Requires End-to-end Financial Literacy

by Dr Susanna Di Feliciantonio, Head of EU Public Affairs, ICAEW

Political and constitutional systems vary markedly across the EU, Africa, and the rest of the world; so too do public financial management (PFM) structures. The common thread is the need to ensure effective democratic accountability and encourage greater public transparency.

These issues are at the center of the Institute of Chartered Accountants of England and Wales' latest report, *Public Finances in Practice*, based on the insights of senior professionals working at the heart of public finance functions in 10 EU member states and EU institutions.

Effective PFM goes hand in hand with a strong system of accountability. As our respondents make clear, this needs to be underpinned by increasingly specialized financial knowledge. If taxpayers' money is to be spent efficiently, politicians, ministers, and officials across public administration need to share a common language for PFM. This must include an understanding of the cause and effect relationships between policy decisions, costs, and the build-up of future liabilities.

Across Europe, Africa, and the rest of the world, the lack of time and limited financial expertise hinders parliamentarians' ability to interpret financial data and use such information to inform policy-making and evaluate public sector spending in detail. Programs to improve financial understanding need to be urgently prioritized. As pointed out by several of our respondents, politicians often tend to argue for additional funds rather than focus on ensuring that allocated funds are spent efficiently. Parliamentary debate on the annual budget is certainly important—but so too is scrutiny of how the budget is actually spent.

Increasing, politicians' and officials' financial knowledge would empower informed policy-making, facilitating difficult investment and spending decisions. This also means looking at the accessibility as well as the availability of financial data. More data is not necessarily better data. Providing clear, searchable databases that relate to key areas of spending is more likely to enable genuine scrutiny rather than simply publishing volumes of public spending data. After all, the people who rely on this information to make important decisions are generally not finance professionals.

It is incumbent on public finance professionals—who are core to the system—to explore innovative ways to present public financial information in a more intelligible way. Clearly, high-quality and timely financial information is needed. For some, this will require further work to ensure consistency and consolidation (especially in countries not yet using accruals-based accounting standards). But it also means using available data to improve decision making, for instance, through more cost-benefit analyses, better forecasting, or value-for-money assessments. Some are already moving toward performance-based budgeting. Looking further ahead, governments need to think about how to present a real-time picture of their overall financial position. Doing so would enable both finance and non-finance decision makers to see the bigger picture and focus on the areas requiring active financial management. It would enhance the policy-making process, from inception to implementation.

Public finance professionals need to help governments put in place best-in-class finance functions. It is important, therefore, that issues to do with their recruitment, training, and retention are tackled to avoid worsening skills shortages. This issue is at the forefront of our respondents' concerns. This may require more investment in training and rewards to bring them more in line with that on offer in the private sector. Equally, it may mean looking at more flexible working options or improved use of technology. Employment policies will need to adapt. We believe, for instance, that it should become normal for finance professionals to move in and out of public administration throughout their careers.

How governments manage their public finances matters to us all. Public finance professionals play a crucial role, making certain that governments can meet their current and future obligations while managing short-, medium-, and long-term risk. PFM improvement cannot be achieved without them. But public finance professionals cannot build a strong PFM culture without support. All the other players in the system—including politicians, ministers, public officials, media, and citizens—need to step up too. Ensuring they have the financial skills to do so is a key starting point.

3.7 Auditing in the Era of Integrated Thinking

by Dr. Sean Stein Smith DBA, CMA, CPA, CGMA, CFE, Assistant Professor of Professional Practice, Rutgers University

The business landscape continues to change and evolve at an increasingly rapid rate, and instead of moderating, it appears these changes will only continue to accelerate. Technology, increased use of analytics, and a broader scope of measuring and reporting information represent just a handful of the changes sweeping the accounting profession. An idea that originated overseas, integrated reporting, is quietly but surely picking up steam as a growing number of organizations adopt the reporting framework. Embedded within this framework is the inclusion of information linked to sustainability, governance, and other traditionally qualitative information. Auditing is a prime example of an area of the accounting profession that can evolve in practical ways that add value both to the organization and to the accounting profession. For action-oriented practitioners seeking new and innovative ways to keep pace with changing business practices, this article explains and outlines how auditing can evolve alongside broader business practice changes.

A key method by which accountants can leverage changes in business to become more engaged in the business decision-making process is to embed integrated thinking within audit practices. Applicable for both internal and external auditors, the idea of integrated thinking is a logical and practical extension of trends already occurring within the profession. Specifically, and as it pertains to CPAs engaged in audit and attestation services, it is imperative to take into account information not traditionally evaluated with audit practices. Delving into these areas, it quickly becomes clear that not all pertinent data related to organizational performance is currently taken into account during audit procedures. Areas such as sustainability and corporate governance represent areas of growth and opportunity for CPAs willing to leverage and broaden existing skills. The question that remains—and that is continuously asked at conferences, in publications, and in meetings—is as follows: *How can CPAs measure these emerging areas, which are important to management decision making and integrated thinking?*

Additionally, the digitization of business is having a profound effect on how business decisions are made, approved, and incorporated into the operations of a business. From point of sale integration with inventory replenishment, to the internet of things monitoring production and operational efficiencies, to customer profitability analytics, organizations have increasingly large amounts of data available for making decisions. It is important, however, that CPAs play a role not only in reporting this growing amount of data and information, but also in the analytics and interpretation of this data. Accounting professionals already possess the ability to ask the necessary questions to make better use of this information. What are the variances? Are there specific items that are driving these variances, and are these variances cyclical or more structural in nature? Regression analyses, excel analysis, and conversing with operational leaders are already part of the CPA toolkit—blending these behaviours with increased information is a logical way for accountants to expand their roles.

Changes and the increased digitization of information, including areas that are not traditionally thought of as business related, can now be quantified, audited, and reported on. Indeed, at the heart of integrated reporting, in use by such household names as Clorox and Southwest Airlines, is the concept of a multiple capital model. This model focuses on quantifying and reporting information related to a broad set of organizational data including the somewhat amorphous ideas of human capital and social capital. By drilling down into specific audit practices, addressing these emerging areas, and quantifying information that is currently only reported on a qualitative basis, practitioners can develop a practical path toward implementing a multiple capital model of measuring and reporting. While the list below is by no means exhaustive, and it is important to remember that every organization is different, the principles can, and should be, applied across organizational boundaries.

1) How is this information initially generated or produced by the organization? Whether it is tracing the processes related to billings and accounts payable, or finding out how emissions data is generated, the concepts are the same. Who generates this initial information, are safeguards in place to offset management overrides, and how is this information secured?

2) What are the best practices in this area? Cyber security is both a headline risk to organizational reputation, and a potentially crippling internal control and client issue. Akin to how best practices are sought out in this area, the same approach should be applied to areas such as governance information. What are the leading organizations, including competitors and benchmarking organizations such as GMI Ratings (a division of MSCI) doing to help standardize and clarify reporting in the broader environmental-social-governance area?

3) What is expected when such audits and attestation services are conducted? For example, for positive confirmation of large receivables or payables, a response is expected confirming the balance and the parties involved. When auditing areas that have traditionally been more qualitative in nature, such as the environmental effects of business operations and of sustainability initiatives, what does management expect? More pointedly, can the presentations made to end users be objectively verified by the audit team?

In addition to the actual audit processes and tests itself, CPAs and auditors (both internal and external) have to remain aware of any changes that occur during the remainder of the business year. Specifically, the development of benchmarks, metrics, and other types of reporting standards related to non-financial information should be on the front burner throughout the year. For example, the Sustainability Accounting Standards Board, an independent organization, has been developing and publishing disclosure requirements for publicly traded US corporations since 2011. Other professional associations heavily invested in the analysis of such trends, and development of action-oriented tools and procedures for accountants to implement, include the New York State Society of CPAs, the American Institute of CPAs, the Institute of Management Accountants, and the ACCA. While the idea of benchmarking information related to non-financial areas might seem abstract and not truly applicable to audit procedures that would represent an incomplete view of how the marketplace is evolving.

Auditing relies, to a large extent, on the documentation of processes and procedures, as well as the development of metrics that can both serve as benchmarks for reporting purposes, and as tools to compare prior period performance to the current audit period. The process and development of reporting tools and metrics also represents an area for CPAs to proactively engage with the idea of integrated thinking. In order to develop meaningful metrics, that is metrics that convey information that is of use to the internal and external end users, CPAs and other accounting professionals working with the organization must be aware of what its informational needs are. Just like an audit requires certain information to be verified, objectively measured, and signed off on by management, the era of integrated thinking requires that CPAs, including the external auditors, take this thinking to the next level. In addition to providing improved insights for management, the value added through being engaged with client decision making and reporting will surely make the client more likely to retain that CPA firm's services.

A few areas should be evaluated in the development of metrics, to be used both for audit purposes and broader decision making that also reflect the realities of the business landscape. First, what are the underlying factors that drive the financial performance of the organization? Auditing and financial reporting traditionally focus on the financial results, but those results are generated by the operations and underlying fundamentals of the business. Second, what information is currently distributed on non-financial areas, and is this information consistent across the user base? If different end users are receiving contradictory, or even simply different, information, this sets the groundwork for confusion and uncertainty. Lastly, linking consistent reporting standards and metrics provides a logical, concrete, and practical way for CPAs and audit professionals to keep pace with changes, and add value while doing so.

Business has certainly changed during the last decade or so, and the ways in which organizations report and audit results and performance are also changing at a rapid pace. While the CPA profession has certainly embraced some aspects of this changing business environment via greater integration of technology and analytics, work still remains. Auditors, not always seen as value additive participants in the decision-making process, can and should engage with these changes to improve current processes while also developing practical solutions for this changing environment. These principles and ideas apply both to external auditors brought in for attestation and recommendation purposes, and to internal auditors embedded in current processes within organizations. Change certainly is in the air for the profession, and audit practices and procedures are no exception, but with the right mind-set, these changes can benefit both the profession, and the clients we serve.

3.8 Future of Accounting Profession: Three Major Changes and Implications for Teaching and Research

by Muhammad Azizul Islam, PhD (RMIT), CPA (Australia), CA (CA ANZ)

The accounting profession will face significant changes in the next three decades, and professional organizations, their members, and educational institutions should respond. The three changes—evolving smart and digital technology, continued globalization of reporting/disclosure standards, and new forms of regulation—are also major challenges for the profession. Association of Chartered Certified Accountants (ACCA) research—*Drivers of Change and Future Skills*—has explored these important changes, expected to be encountered by the year 2025. Three are highlighted here:

First, accountants will use increasingly sophisticated and smart technologies to enhance their traditional ways of working, and these technologies might even replace the traditional approach (see *"The End of the Accounting Profession as We Know It?"*). Smart software systems (including cloud computing) will support the trend toward outsourcing services (including more overseas outsourcing), and greater use of social media via smart technology will improve collaboration, disclosure, engagement with stakeholders and broader communities (see ACCA research, above). Social media (including Facebook, Twitter, and Google search) will reveal more data than any corporate assurance report and stakeholders will use tools to interpret "big data".

Second, continued globalization will create more opportunities and challenges for members of the accounting profession. While globalization encourages the free flow of money from one capital market to another, enhanced overseas outsourcing activities and the transfer of technical and professional skills will simultaneously continue to pose threats to resolving local problems (with different cultural, financial, and tax systems). Accounting firms in the US, EU, and Australia are outsourcing services to India and China for the purpose of cost minimization, which will create a shift in employment within the accounting industry in the West. As globalization has already been negatively impacted by Brexit and Trump's presidential victory, accounting professionals are likely to see themselves having a role in this transformation.

Third, increased regulation, and the associated disclosure rules, will have the greatest impact on the profession for years to come. For example, increased regulation is imminent because of massive tax avoidance, transfer pricing, and money laundering as exposed via the panama papers. Many professional (tax) accountants will be affected by intergovernmental tax action to limit base erosion and profit-shifting.

Additionally, because of greater public pressures and stakeholder expectations, social and environmental considerations are getting importance alongside economic concerns in contemporary organizations. We see a range of stakeholder groups; including shareholders, workers, governments or regulators, non-governmental organizations, media, and the community have a growing interest in organizational social and environmental issues. Because of the widespread stakeholder concern and associated regulations toward social and environmental considerations, contemporary organizations are facing challenges to find sustainable solutions to deal with the complexity of integrating financial, social, and environmental performance. Quite tied to this, new forms of regulation (such as integrated reporting <IR>, which is required for South African-listed companies, and supply chain transparency disclosures, which are required for many California-based companies) are emerging and members of accounting organizations are already engaged in this transformation.

The regulatory concern for different social and environmental issues, along with the associated measurement and reporting complexities of these issues, has allowed accounting professionals to open their minds to the possibility that accounting has the capacity to change. The important implication is that all professional accountants will be expected to look beyond the numbers, which will, in turn, enhance collaborations among members of multiple professions, including accountants, doctors, lawyers, environmental scientist, sociologists, and so on.

Implications for Teaching

Future accountants will increasingly need education in digital technology (including cloud computing and use of big data), globalization (outsourcing of accounting services), and evolving regulations (tax regulation, new forms of corporate reporting, integrated reporting regulation, and so on). The *ACCA report* revealed that knowledge of digital technologies is the key competency area where professional accountants have skill gaps. At present, accountants lack knowledge in transformation of new disclosure regulations, new forms of disclosures, and awareness of the interconnectedness of financial and non-financial reporting. Professional accountants will need the skills to provide more all-inclusive corporate reporting, which tells less about the numbers and more about the narrative of the organization.

Unfortunately, at the moment, few universities have developed curriculums for accounting students in line with their future needs. Universities will need to develop or incorporate new units, such as cloud computing, big data, digital technology, integrated reporting, carbon emission accounting, and so on for accounting students. Professional accounting organizations should consult with universities to collate experts/lecturers in the new areas and run new courses. At the same time, universities should either invest in existing faculty members for training and learning or recruit experts to coordinate and lecture new units.

Implications for Research

Big accounting firms are conducting surveys on cloud computing, big data, technological change, new forms of fraud and corruption, and corporate sustainability in order to address the ongoing and future opportunities and challenges facing the profession. KPMG, for example, has produced survey reports on cloud computing, fraud/corruption/bribery, corporate sustainability, and <IR>.

A growing number of accounting academics are investigating more narrative corporate reporting. A growing number of accounting academics and their PhD students are looking at social and environmental sustainability issues and the associated global frameworks, such as Global Reporting Initiative Standards, <IR>, the UN Global Compact, Social Accountability, and so on. Accounting researchers are organizing some national and international conferences, such as CSEAR and APIRA, to disseminate their findings to the wider community.

Professional accounting organizations, including Chartered Accountants Australia and New Zealand, CPA Australia, and the ACCA (UK) are providing seed funding to academic researchers to investigate issues in line with future economic, technological, social, and environmental changes.

Despite ongoing efforts by professional accounting organizations and academic researchers, there is a surprising gap in research that deals with the changes that will impact accountants and professional accounting organizations. Future research should drive industry collaborations and collaborations between inter-disciplinary academic researchers in order to reveal strategic responses to and pro-active strategies on changes in digital technology, the continued globalization of standards, and new forms of regulation and associated stakeholder expectations.

4. TECHNOLOGY CORNER

4.1 Is your disaster recovery plan DDoS ready?

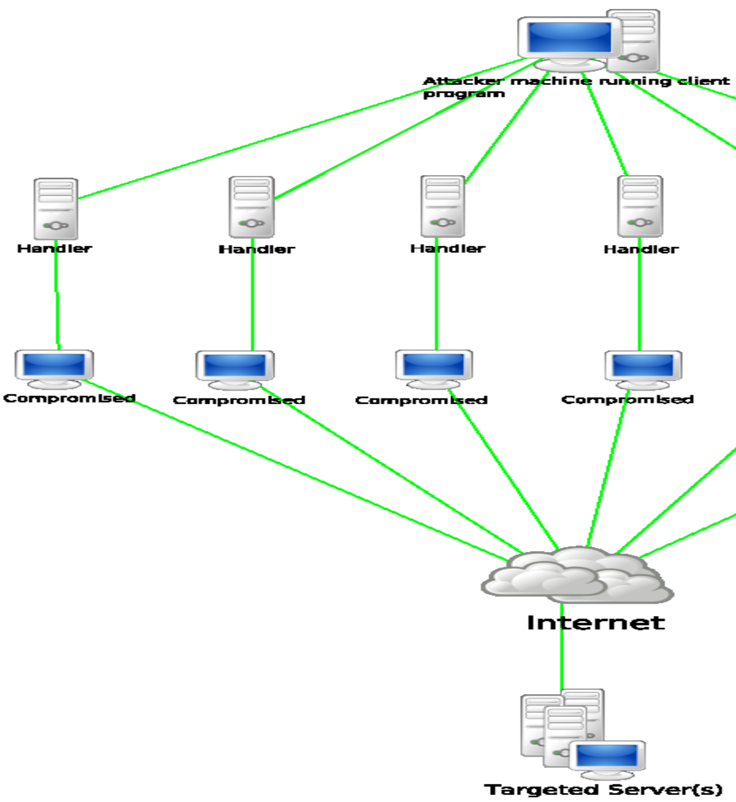
By Robin Schmitt, General Manager, APAC at Neustar

In computing, a denial-of-service attack (DoS attack) is a cyber-attack where the perpetrator seeks to make a machine or network resource unavailable to its intended users by temporarily or indefinitely disrupting services of a host connected to the Internet. Denial of service is typically accomplished by flooding the targeted machine or resource with superfluous requests in an attempt to overload systems and prevent some or all legitimate requests from being fulfilled. A DoS attack is analogous to a group of people crowding the entry door or gate to a shop or business, and not letting legitimate parties enter into the shop or business, disrupting normal operations.

Criminal perpetrators of DoS attacks often target sites or services hosted on high-profile web servers such as banks or credit card payment gateways. Revenge, blackmail and activism can motivate these attacks.

The United States Computer Emergency Readiness Team (US-CERT) has identified symptoms of a denial-of-service attack to include: unusually slow network performance (opening files or accessing web sites), unavailability of a particular web site, inability to access any web site, dramatic increase in the number of spam emails received (this type of DoS attack is considered an e-mail bomb). Additional symptoms may include: disconnection of a wireless or wired internet connection, long-term denial of access to the web or any internet services.

If the attack is conducted on a sufficiently large scale, entire geographical regions of Internet connectivity can be compromised without the attacker's knowledge or intent by incorrectly configured or flimsy network infrastructure equipment.



While most IT departments have some kind of disaster recovery plan in place to avoid downtime caused by events such as natural disasters, many still only consider emergency mitigation in the event of a DDoS attack rather than prepare ahead. Given the greater likelihood of a DDoS attack happening, IT leaders should seriously consider preparing for an attack within their disaster recovery plans.

In preparing a disaster recovery plan, businesses must carefully consider the necessary steps to be taken in event of a DDoS attack or risk being left vulnerable to downtime, financial loss, emergency mitigation costs or even extortion plots. Broadly, a DDoS disaster recovery plan should include detection, mitigation, ownership and testing.

Detecting a DDoS attack

There are several ways to monitor both physical and virtual cloud environments for potential DDoS attack. NetFlow monitoring for example is an effective method for identifying traffic anomalies. A large organisation that operates its own 24/7 network monitoring team can monitor NetFlow from border routers and detect when a volumetric flood occurs. NetFlow can also be remotely monitored through third parties by exporting sampled NetFlow to a security operations centre (SOC).

NetFlow monitoring is not fool proof however. Some low volume attacks can slip by NetFlow monitoring because they do not cause a spike in bandwidth utilisation or packet rate. Regardless, the vast majority of DDoS attacks should be detected by properly tuned Netflow monitoring. For environments where NetFlow monitoring is not an option, such as cloud, a cloud-based monitoring service can be used to look for degradation in performance, CPU utilisation or latency.

Finding the right mitigation method

To mitigate a DDoS attack, companies should firstly look at which product or service suits them. To achieve this, organisations must understand and quantify the risk DDoS attacks impose, from both a business and technology perspective, and then select and size a solution to fit. Currently, there are several mitigation solutions in the market with different price and performance considerations. Several low cost content delivery network (CDN) style services can offer inexpensive DDoS protection, however they may impose usability issues and be unable to stop a significant attack.

DDoS mitigation appliances can be effective against certain types of attacks, however large-scale floods can overwhelm circuit capacity and render the appliance ineffective. On demand cloud where network traffic is redirected to a mitigation cloud is reliable and cost effective. However, it is dependent on swift failover to the cloud in order to avoid downtime. Automation can be employed to assist.

Always routed cloud, on the other hand, involves the redirection of web traffic on a constant basis. The constant redirection can affect network latency, even during non-attack conditions, and additional services may be required to address application layer attacks. Adopting a DDoS mitigation approach that includes a managed appliance and cloud (hybrid) is the best option, yet can be costly. The appliance will stop any DDoS attack within the circuit capacity feeding the network, and automatically trigger cloud mitigation, if the circuit is in danger of becoming overwhelmed.

Determining responsibilities during an attack

Who takes ownership during a DDoS attack is an important consideration for any disaster recovery plan. It entails determining who the primary and secondary responsible parties are for the tasks that need to be performed. Companies must determine who will receive detection alerts and what are they to do with those alerts, who will execute the mitigation plan, and what areas within the business will be notified.

Responsibilities can extend outside of security and technology teams, for example, to customer support to minimize impact on clients and partners, and marketing for crisis communications and brand protection. Security and technical responsibilities and activities must also go beyond simply mitigating the DDoS attack. With increasing frequency, DDoS attacks are used in concert with other attack vectors, such as malware and ransomware activation, and network breach.

Testing your plan

A well-documented and rehearsed mitigation plan is vital – mitigation activities are time critical. Regardless of the protection method being deployed, it’s good practice to test it periodically. Just like a fire drill, periodic testing can not only eliminate gaps or issues in responding to a DDoS attack, but can also prepare the responsible owners to perform their required actions when an actual event occurs.

Conclusion

To “win the fight before the battle is fought”, it’s critical to define a disaster recovery strategy pre-emptively. That way, during an actual DDoS attack, an organisation can enact its plan and minimise downtime and financial loss. Without such a plan, attacked organisations will likely face network outage, and risk both financial and data loss, and leave themselves exposed to other attack vectors. Mitigation providers offer emergency mitigation services, yet these services are costly and largely limited to DNS based redirection. Depending on such a service is not prudent, unless it is proven to be adequate and aligns with the risk imposed on the organisation by the threat of a DDoS attack.

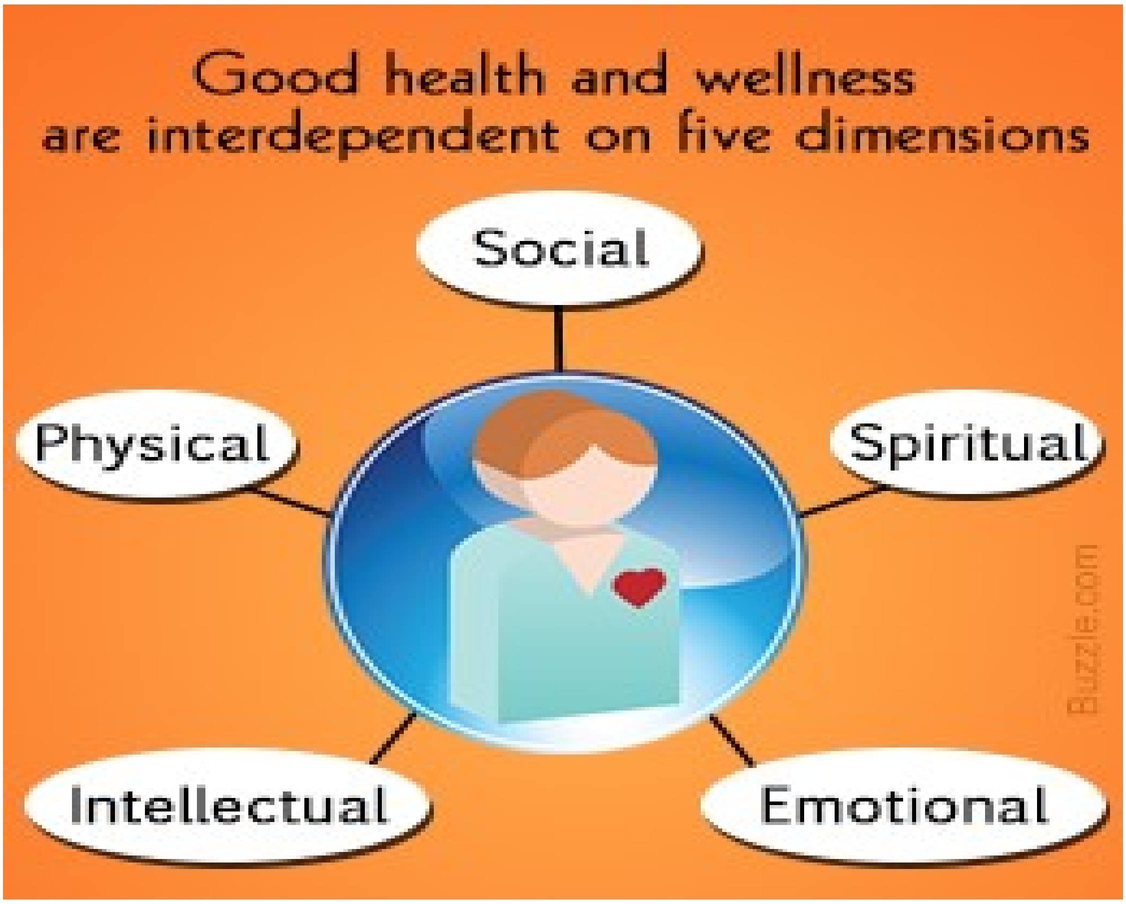
Ultimately, a well-defended network will protect your organisation from both financial and reputational damage, and discourage subsequent attacks – leading the wolf from your door / leaving hackers hunting for a softer-target.

Source: www.buzzle.com

5. YOU AND YOUR HEALTH

5.1 **Understanding the Five Dimensions of Health**

Good health is vital to every individual. However, it doesn't mean being physically strong. Other aspects are also involved. This write-up provides information on the five dimensions of health and their importance.



The five dimensional model of health includes physical, intellectual, emotional, social, and spiritual aspects. These health parameters were set by the World Health Organization (WHO) in 1948. The quality of life of an individual or the overall well-being of an individual is determined by the interactions between these five dimensions. It's important to understand these dimensions, and find ways to ensure a balance of mind, spirit, and body.

Physical

Physical health refers to the state of the body, and its ability to perform bodily functions. It refers to the aspects that are essential for keeping the body in the best condition. Following are a few ways to ensure good physical health:

- Eat nutritious food to keep the body and mind energized.
- Never skip meals or overeat.
- Water is essential for cleansing the body.
- Fitness through exercise will increase immunity and endurance levels of the body.

⊷ Regular medical check-ups can help in arresting illnesses in their early stages.

⊷ Sleep at least for 7 uninterrupted hours daily.

⊷ Avoid addictive substances.

Intellectual

This is a cognitive ability to develop skills and knowledge to enhance one's life. Our intellectual capacity helps to stimulate our creativity and improve our decision-making ability. Here are ways to maintain intellectual health:

⊷ Setting realistic goals will go a long way in keeping you healthy.

⊷ Explore every opportunity with an open mind.

⊷ Be aware of the demands and expectations others have from you.

⊷ Have a positive outlook, especially when dealing with conflicts.

Emotional

Our ability to accept and cope with our own feelings, as well as emotions experienced by others is defined as emotional well-being. Emotions contribute to almost all aspects of our life, at times, even setting course of actions. Symptoms of emotional problems such as hopelessness, depression, anxiety, and even suicidal tendencies are not always easily detectable, and these can have an adverse effect on one's quality of life.

⊷ Awareness and acceptance of our strength and shortcomings is essential for our emotional well-being.

⊷ One should have the ability to handle stress and seek help, if needed.

⊷ One should build strong communication networks among family, friends, and peers.

Social

Building and maintaining satisfying relationships comes naturally to us, as we are social animals. Being socially accepted is also connected to our emotional well-being.

⊷ One should improve or enhance one's ability to interact with people, and be receptive to their ideas with an open mind.

⊷ One should accept and understand diverse cultural norms.

⊷ One should build networks among different kinds of people.

⊷ One should adopt a positive self-image.

⊷ One should enhance interpersonal communication skills.

Spiritual

Our good health is incomplete without being spiritually healthy. Being spiritual translates to the ability and desire to seek meaning and purpose of life. Spiritual health refers to our personal beliefs and values. There are no prescribed ways to attain spiritual well-being. It's more a matter of looking inwards to understand the meaning of our existence.

Life as we know is a puzzle; health dimensions are separate pieces that need to be fitted together to understand its meaning. Though we all seek a harmonious balance between the mind, body, and spirit to lead an optimal fulfilled life, it's rarely attained in totality. Our own feelings of weakness and non-acceptance of life's events causes distress in our daily life. Therefore, one needs to make efforts to understand the roles played by these dimensions, as that would help us attain good health and happiness.

Source:
www.buzzle.com/articles/5dimensions-of-health.html

5.2 HYPERTENSION IN THE ELDERLY (SECOND EDITION) – BOOK REVIEW

Author – Norman M Kaplan, MD
Martin Dunitz Ltd, 2002
9 Chapters, 112 pages (Including References and Index)
ISBN 1-84184-187-0

One of the common medical conditions encountered in daily practice in a primary care facility is hypertension. Being a chronic and non-communicable disease, several studies have shown that hypertension contributes to the burden of heart disease, stroke and kidney disease. Even though hypertension rises as people get older, studies show that lowering the blood pressure in the elderly reduces morbidity. Hypertension is defined as a usual blood pressure above 140/90mmHg. Those with a systolic pressure above 140mmHg and a normal diastolic pressure are referred to as isolated systolic hypertension (ISH)

This book begins with an introduction, of which emphasis is placed on hypertension in the elderly, considering the fact that life expectancy is now over 70 years in both men and women. It also reveals that, in the Framingham study cohort (Kannel 2000), 60% of those above 65 years who had elevated blood pressure had isolated systolic hypertension (ISH). Hypertension is the major risk factor for other co-morbid conditions like stroke, heart failure, and coronary heart disease in the elderly and these can be prevented through effective antihypertensive therapy.

Chapters 2 and 3 examine the mechanisms for developing hypertension and the consequent risks associated with the disease. Both genetic and acquired mechanisms have been found to be involved in the development of hypertension. Among the risks mentioned, is also vascular dementia in the elderly, but coronary heart disease is the leading cause of death in all industrialized societies. Chapter 4 focuses on the measurement of blood pressure and other special features of blood pressure in the elderly such as pseudo hypertension and postural hypotension. Emphasis is placed on the need for multiple blood pressure measurements, in accordance with a guideline provided, in order to arrive at a conclusion in spite of the variations that normally occurs throughout the day.

In the evaluation of a person with hypertension, the clinician aims at determining the type of hypertension, i.e. primary or secondary, its impact on target organs in the body and the overall risk for developing cardiovascular disease (chapter 5). Evaluation entails a medical history taking, physical examination and laboratory investigation.

The benefits of treating hypertension in the elderly and the therapy involved in its management are outlined in chapter 6 to 8. Lifestyle modification as a means of managing hypertension is worth mentioning at this juncture. These include avoidance of tobacco or smoking, reduction of sodium or salt intake, limiting alcohol intake, regular exercise, to name a few. The book provides special guidelines for drug therapy in the elderly with hypertension, thus successful management of the condition can be based on these details.

In conclusion, I think this is a resourceful and practical book introducing the subject of hypertension in the elderly. It will be of great value to healthcare professionals, and also patients with hypertension who are interested in knowing more about the condition and what to expect as they get older. It also provides the platform for healthcare researchers to delve more into the subject of hypertension with special focus on the elderly.

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6. TECHNICAL MATTERS

6.1 The Case for Gift Tax Compliance in Ghana Amid Shortages of Developmental Finance and Huge Public Debt Stocks

By Frank Yao Gbadago The Department of Accounting Studies Education College of Technology Education, Kumasi University of Education, Winneba frankggh@yahoo.com, 0242824124

Abstract

Following the just ended 2008 financial crisis, public spending globally has increased while there has been a relative decline in tax revenues. This situation is so pronounced in the so-called advanced economies. This has led to a shortage of development finance. Ghana has always depended largely on donor support (such as grants, aids) and, to a lesser extent, public debt in financing its developmental programmes. However, after the end of the above mentioned crisis development partners attempted to cut their spending on aid and donations to less developed countries. The resultant decline has caused great palpitation among those economies dependant on this assistance. Consequently, there has been a vociferous call for prudent means of addressing this financial development. Improving and consolidating taxation and tax structures within Ghana is what immediately comes to mind. As gift tax has rarely received much attention in Ghana despite its existence in the tax status books, this paper therefore acknowledges and argues the case for a shift to unexploited gift taxation as a critical appendage to traditional tax revenues (such as custom duties, VAT and income taxes) in the light of the relative decline in donor support for development projects since the end of 2008.

I. Introduction

As taxation is a compulsory levy on individuals, entities, and property by a tax authority for the purposes of supporting government's programmes and development (Sally, 1999; Brautigam, 2008; Hartner, Rechberger, Kirchler & Schabmann, 2008; Nakyea, 2008; McKerchar & Evans, 2009; Abdul-Razak & Adafula, 2013; Alabede, 2014; Bruce-Twum, 2014; Gbadago & AwunyoVitor, 2015), income and/or gifts are typically consequential targets for collection. Evidence suggests that income earnings and payments are mostly documented and are therefore easily subjected to taxation (Dressler, 2002; Akhand, 2012; Gbadago & Awunyo-Vitor, 2015); hence the imposition of income taxation methods such as Pay-as-you-earn (PAYE) and withholding taxes on income from the supply of goods and services. On the other hand, this is not the case for gifts received or receivable. Gifts are given either in secrecy or without proper documentation in Ghana. Unconfirmed opinions and/or doctrines (religious and cultural) assert that what you give or do to others should not be publicly pronounced. Consequently, although Ghana's Internal Revenue Act, 2000 (Act 592) as amended provides specifically in section 105 (1) for gift tax payments, it is largely not complied with, as is the case with most other taxes (Terkper, 2003; Gatsi & Acquah, 2010; Bruce-Twum, 2014; Gbadago & Awunyo-Vitor, 2015).

In the light of the forgoing, this paper reviews the gift tax provisions of Act 592 (as amended), and acknowledges and argues the case for gift tax as an appendage to traditional tax revenue sources in the light of developmental finance shortages and huge public debt stocks that Ghana (World Bank, 1995) is saddled with.

ii. Apparent Shortages of Developmental Finance and the Need for Unexploited Tax Revenues in Ghana

Although tax compliance is observed as a problem across the globe (Andreoni, Erard & Feinstein, 1998; Abdul-Razak & Adafula, 2013; Tusubira & Nkote, 2013), the search for its immediate elucidation is more apparent now than ever before in the light of developmental finance shortages (Cobham, 2005; Fuest & Riedel, 2009; OECD, 2014; Gravelle, 2015; Bozio, Emerson, Peichl & Tetlow, 2015) and the huge public debt stocks countries were faced with after the end of 2008 financial crunch (Bozio, Emerson, Peichl & Tetlow, 2015). Reports suggest that Ghana, like other developing nations, is saddled with low tax revenues from the traditional sources (income and VAT), and low inflow of donor support (Cobham, 2005; Fuest & Riedel, 2009; OECD, 2014; Gravelle, 2015; Bozio, Emerson, Peichl & Tetlow, 2015) leading to huge public debt stocks which is tipped to be above 70% of GDP as at the close of the 2nd quarter of 2015.

In view of the above, a shift to unexploited tax revenues (including gift tax) may help in addressing this revenue shortfall. This paper therefore acknowledges and argues that gift tax compliance by taxpayers and/or citizenry of Ghana spiced with equal efforts in its enforcement by Ghana Revenue Authority (GRA) will largely improve the collection rate and thereby raking in the much needed tax revenue for financing developmental programmes.

This supports the calls by many scholars and analysts that, for Ghana to have adequate financial resources to finance its developmental programme and agenda (Moss & Majerowicz, 2012), it needs to properly develop its taxation systems in order to collect more tax revenue (Nakyea, 2008; Hartner, Rechberger, Kirchler & Schabmann, 2008; Brautigam, 2008; McKerchar & Evans, 2009; Gatsi & Acquah, 2010; Abdul-Razak & Adafula, 2013). This accounts for the recent moves by the Ghana government to introduce new taxes to raise tax revenue for development projects and financing of recurrent budget items (Gbadago & Awunyo-Vitor, 2015).

II. The Concept of Gift Tax and Taxable Gifts Pursuant to Act 592 (as Amended)

According to Part V- Interpretation Section 110 (1) of Act 592 (amended), a gift is defined to mean a receipt without consideration or for inadequate consideration. Section 105(1) further provides that a taxable gift shall be taxed at the specified rate on the total value of the taxable gift so received by a person within a year of assessment. Section 106 defines "taxable gift" as

(a) Any of the following assets situated in Ghana: i. Building of a permanent or temporary nature; ii. Land; iii. Shares, bonds and other securities; iv. Money, including foreign currency; v. Business and business assets; vi. Any means of transportation (that is, by land, air or sea); vii. Goods or chattels not included in the means of transportation; and viii. Part of, or any right or interest in, to or over any of the assets referred to above, or

(b) An asset or a benefit, whether situated in Ghana or outside Ghana, received by or for the benefit of a resident person as a gift where the asset has been or is credited in an account or has been or is invested, accumulated, capitalized or otherwise dealt with in the name of or on behalf of or at the direction of the person, or

(c) A favour in money or money's worth or a consideration for an act or omission or the forbearance of an act or omission that inures for or to the benefit of a resident person.

It is worthy of note that it is immaterial whether or not the person being taxed physically received the asset, so long as the act, omission or transaction inured or inures to the benefit of that person (Internal Revenue (Amendment) Act, 2003 (Act 644)). Under Section 105(2) gifts received by a person under or for the following reasons are exempt from tax:

1. by a person under a will or upon intestacy;

2. by a person from that person's spouse, child, parent, brother, sister, aunt, uncle, nephew or niece;

3. by a religious body which uses the gift received for the benefit of the public or a section of the public; or

4. for charitable or educational purposes. In assessing the value of the gifts subject to tax, the market value of the gift received or receivable is usually used.

IV. **Procedure Relating To Returns of Gift Tax**

The provisions of the tax law in respect of gifts are, however, liberal requesting voluntary compliance from the taxpayers. Thus, the law provides that, under the procedure relating to gift tax (S.108), a person who receives a taxable gift shall, within thirty (30) days of receipt, furnish the Commissioner General of Ghana Revenue Authority with a return in writing containing the following information:

1. the description and location of the taxable gift;

2. the total value of the gift, how it is calculated and tax payable with respect to that gift;

3. the full name and address of the donor of the gift; and

4. any other information required by the Commissioner.

V. **Empirical Studies and Level of Compliance to Gift Tax in Ghana**

The few empirical studies that have been conducted on gift tax in Ghana observed a very low level of compliance with gift tax. Gatsi and Acquah (2010) in their study on information asymmetry and gift tax concluded that gift tax is one of the conduits through which tax revenue can be enhanced for development with a call on the Ghana Revenue Authority for better education on the tax. Later, Bruce-Twum (2014) tried to determine the extent of knowledge about gift tax especially in the Accra-Tema metropolis and reached the conclusion that the level of awareness is very low resulting in non-compliance with gift tax in Ghana. Similarly, Gbadago & Awunyo-Vitor (2015) identified unawareness of gift tax obligations; low level of education being offered by the Ghana Revenue Authority on the gift tax coupled with non-enforcement has largely contributed to the low level of gift tax compliance among employees of the formal sector in Kumasi metropolis. This essentially confirms prior studies that aver that Ghanaians generally are tax averse and as such exhibit very low level of tax compliance (Baba & Asante, 2012; Abdul-Razak & Adafula, 2013).

VI. Why the Low Level of Compliance with Gift Tax among Ghanaian Taxpayers

Key reasons identified for the low level of compliance with gift tax among Ghanaian taxpayers are: unawareness (lack of knowledge) of gift tax obligations (McKerchar & Evans, 2009; Gatsi & Acquah 2010; Tusubira & Nkote, 2013; Alabede, 2014; Bruce-Twum, 2014; Gbadago & Awunyo-Vitor, 2015); those taxpayers who are aware do not feel obliged to pay; the non-enforcement by the tax officials; some taxpayers simply never receive taxable gifts; or the value of the gift is not above the exempt threshold (Gbadago & Awunyo-Vitor, 2015). Further, the low level of education provided on gift tax by the tax officials and/or administration (in this case Ghana Revenue Authority) coupled with non-enforcement on their part, and the unwillingness by the taxpayers to voluntarily comply largely accounted for the very low level of compliance with gift tax among Ghanaian taxpayers. This should raise concerns as Ghana, like all other developing countries, needs to exploit taxation as a means of sourcing revenue to finance developmental programmes and activities (Cobham, 2005; Fuest & Riedel, 2009; Gravelle, 2015) as donor funds and grants are not forthcoming due to the economic challenges facing various nations after the financial meltdown in the West. This invariably led to government's inclination to debt stocks (in the form of bonds and loans to) supplement revenue sources.

VII. **Conclusions and Recommendations**

The apparent decline in tax revenue, aid and traditional budget support from development partners as a major source of public finance following the just ended financial crisis, has led to great palpitation among nations (like Ghana) that seek development and growth. Ghana, like all other developing economies, is in the lookout for alternative public finance sources. Review of public and developmental finance coupled with thoughts from development economics suggest that taxation as key source of public revenue, as it were, could not be avoided in the life of any sovereign economy instead must be consolidated. This wise this paper principally examines gift tax provisions as under Ghana's Internal Revenue Act, 2000 (Act 592) as amended and proposes a case in support of gift tax enforcement in Ghana as remedy to the remarkable shortfalls in the traditional tax revenue sources in the light of huge public debt stocks.

It is therefore recommended without hesitation that the Domestic Tax Revenue Division of the Ghana Revenue Authority together with other stakeholders such as the National Commission on Civic Education, Ministry of Finance and Economic Planning and Ministry of Information and National Orientation intensify tax education especially on the obligations relating to gift tax among Ghanaians. There is also an immediate need to put in place the necessary measures and structures for its enforcement (Cobham, 2005; Fuest & Riedel, 2009; Gravelle, 2015, Gbadago & Awunyo-Vitor, 2015) across the length and breadth.

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.... Unquotes

"I am enough of an artist to draw freely upon my imagination. Imagination is more important than knowledge. Knowledge is limited. Imagination encircles the world."
— Albert Einstein

"There is no greater agony than bearing an untold story inside you."
— Maya Angelou, I Know Why the Caged Bird Sings

"When one door of happiness closes, another opens; but often we look so long at the closed door that we do not see the one which has been

opened for us."
— Helen Keller

"Success is not final, failure is not fatal: it is the courage to continue that counts."
— Winston S. Churchill